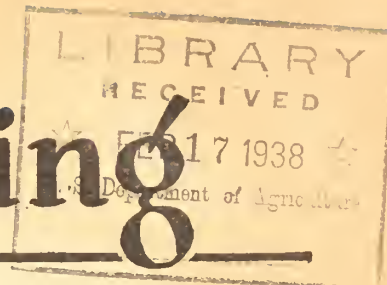


Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

4
L45B
res

Briefly Speaking



B. Sp. No. 2

February 11, 1938

INSECURITY IN FARMING HAS 3 MAIN PROBLEMS.

Just as insecurity of farm tenure encourages exploitation of soil and threatens the source of farm income, so does inadequate farm income bring about insecurity of tenure and exploitation of soil. These three phases of agricultural distress are linked together in such a way that it is difficult to say just which is cause and which is effect.

The close relation between income and security of tenure was recognized by the Special Committee on Farm Tenancy in its report to the President. This report said in part:

"It is abundantly clear that attacks upon the problem of farm security through changes in land tenure, credit facilities, and the like will be inadequate unless agriculture is maintained in an adequate economic balance with other elements in our national life.

"The Committee is convinced that to overlook the necessity of a broad and continuous national policy aimed at developing and maintaining agriculture on a plane of equality with other types of economic endeavor would be to neglect an essential of any program directed at ameliorating tenancy conditions. * * * National policies aimed at maintaining the prices of agricultural products in proper relationship to the prices of other commodities are therefore essential.

"Comparable in importance to favorable economic conditions for agriculture is stability in these conditions. If streams of income can be made to flow to and from agriculture in a stabilized as well as an equitable manner, we may expect fewer speculative land booms with their concomitant orgies of mortgaging, selling, buying, and remortgaging of farms and their subsequent costly and painful process of liquidation. Stability of general price levels is therefore of special significance in its bearing on the problems which this Committee has been instructed to consider."

Thus the problem of farm tenancy and insecurity of tenure is seen to be inextricably interwoven with the problems of increasing farm income and of preventing soil waste at which the programs of the Agricultural Adjustment Administration are aimed.—A. A. A. Booklet No. G-71, *Agricultural Conservation*, 1936.

* * * As for the farmer who undertakes to take everything from the land without making any restitution, his liberty will eventually be taken from him and he will become the servant of wiser men, either on the farm or elsewhere.—C. E. Thorne, late director Ohio Experiment Station.

The retention of our place in the world's cotton market will require vigorous action along two lines: First, and most important, toward improved international trade relationships, and a more liberal attitude by the United States itself toward imports; and second, toward a rational crop adjustment, which will correctly balance price against volume so as to give the largest net farm income. In the long run the world price of cotton will be determined by the total world supply and demand relationship. Cotton acreage adjustment in the United States should be a flexible, changing adaptation to the changing domestic and world market situation, with allowance for the necessity of selling abroad each year something like 40 percent of our cotton crop.

There are limits beyond which the adjustment of cotton production cannot be pressed. These limits also influence the amount that can prudently be advanced in cotton loans. Conversely, with the capacity of our cotton-growing industry far above the profitable demand, there are limits to the profitable acreage. Continued unrestricted production would mean very low prices. Too little and too much production may be equally disastrous. The welfare of the South requires a middle course, which will keep the place of the United States in the world's cotton market without swamping that market periodically. The South needs increased production of home food and feed crops, stimulation of cotton consumption within the United States, continued moderate adjustment of production, continued soil conservation and soil building, and conservation payments including price-adjustment payments to the cooperating producers.—1937 *Annual Report of Secretary of Agriculture*.

Compiled by the Division of Information, Agricultural Adjustment Administration, United States Department of Agriculture, from official and unofficial sources for the information of committeemen and others cooperating in the administration of the AAA programs.

The only way to guard against the disaster of drought years like 1934 and 1936 is to provide for carrying more corn over from the good years into the bad. Droughts cut the corn production by a billion bushels in 1934 and again by a billion bushels in 1936. Contrast this billion bushels with the customary carry-over of only 170 million bushels * * *.

CORN STORED ON FARM AS SUPPLY FOR CAR- RY-OVER.

A long stride ahead toward stability could be made with a carry-over in the future that would average twice as much as the carry-over has averaged in the past, an average carry-over of about 350 million bushels of corn. Since weather and growing conditions vary in unpredictable ways, the size of the carry-over is bound to fluctuate from year to year. The Ever-Normal Granary should work like a reservoir. In years of drought, it can be drawn upon and the level of the reserve supply reduced. In years of big crops, the granary can be replenished * * *.

It can be done through the use of commodity loans on corn stored under seal in cribs on the farm. The first clue to the way of doing the job became evident in the fall of 1933, when with the aid of a Government loan of 45 cents a bushel, farmers stored 270 million bushels of corn under seal. This corn was carried over into the drought year of 1934 and helped to save millions of head of livestock * * *.

To set the entire Ever-Normal Granary plan in its proper perspective, it should be pointed out that its main value is not in the protection it gives to the price of corn, important as that will sometimes be, especially to the cash corn grower. Its main value is in stabilizing the amount of corn available as feed for livestock, and in turn the amount and price of livestock put on the market.—A. A. A. pamphlet, G-80, *The Ever-Normal Granary: What Can It Do For The Corn Belt And The Nation?*

The cottonseed crop this year—estimated by the Bureau of Agricultural Economics at about 8,300,000 tons—sets an all-time high production record.—U. S. D. A. Press Release.

Of the 728 million acres of range land in the United States, supporting about 55 million head of cattle, sheep, and other livestock, large areas have been depleted by overgrazing, and must be restored by better methods of range management.

The magnitude of range-land problems is now recognized in the United States, and research is making known the best methods of range-land management.

Programs of restoration of depleted ranges will require years of determined cooperative effort but such

a policy of range use will give the United States better and more dependable supplies of meat and wool, stop depletion of lands, and overcome many unsound social and economic conditions.—W. R. Chapline, Chief, Division of Range Research, U. S. Forest Service, before Fourth International Grasslands Conference, Aberystwith, Wales.

The Far Eastern situation is adversely affecting export markets for American cotton and tobacco.

WAR SLOWS U. S. EX- PORT OF TOBACCO AND COT- TON INTO ORIENT.

Unless the closed cotton mills in China reopen soon, a large supply of raw cotton from China's record crop will be available at very low prices. * * * While most of this cotton would be used to replace Indian cotton, some of the increased production, especially in North China, is from improved seed which can be used in place of American cotton.

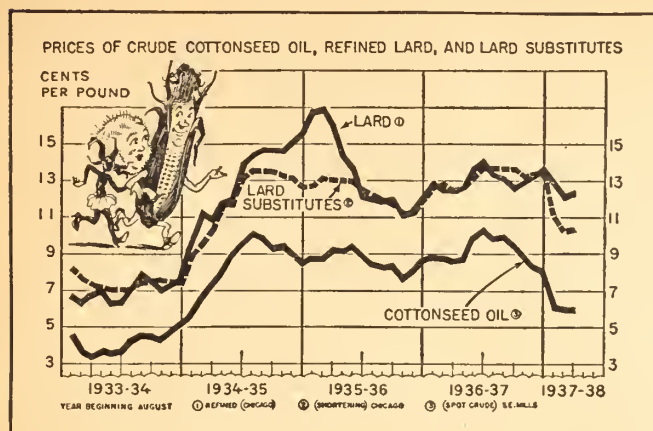
Japan was reported to have had considerably more than normal stocks of cotton on hand at the beginning of the current season on August 1. In view of this situation, plus the ability to get more than the usual quantity of raw cotton from North China, it seems reasonable to expect that Japan will take substantially less than the usual quantity of American cotton during the current season.

The situation in the Orient was reported as affecting American tobacco markets. China for many years has been the second largest export market for American flue-cured leaf. More than 50 percent of the cigarette factories in China are closed and some of the large plants and substantial stocks of flue-cured tobacco have been destroyed. Hostilities are expected to have no important effect upon the wheat and flour situation. If fighting continues, some of the port cities in China may import a larger volume of flour and other cities may import some foreign wheat for local use.—U. S. D. A. Press Release.

Conditions in the dairy industry are likely to average better in the next 3 or 4 years than during the last 4 or 5, it was stated by the Bureau of Agricultural Economics in its annual dairy outlook report. The Bureau looks for rising prices of milk cows in 1938 and 1939. It was further stated that "during the next 2 years, at least, the relation of feed prices and other costs of production to prices of dairy products seems likely to be rather favorable for dairymen."—U. S. D. A. Daily Digest.

Grass, the most important of all crops, has been the most neglected.

NORTH AND SOUTH: THEY TRAVEL TOGETHER.



The more the production of cotton increases, the more cottonseed there is available for the manufacture of cottonseed oil. In the same way, big pork production leads to big supplies of lard. Both cottonseed and lard are important in the fats-and-oils picture and both compete with butterfat. * * *

Ordinarily we produce in the United States two-thirds as many pounds of cottonseed oil as we produce of butter. Most of the cottonseed oil is used in making cooking compounds to substitute for lard. In 1936 a total of 108 million pounds of cottonseed oil was used in making oleomargarine. It is possible that in 1938 the figure will be larger because of the unusually large cotton crop.

Those who argue that the diversion of cotton land into soil-conserving uses will increase greatly the commercial dairy production of the South may well pause to consider whether the competition from the cottonseed-oil production on these lands when in cotton may not be more significant than the competition from a few dairy cows.

There may be difference of opinion as to how completely competitive all the fats and oils may be. But there can be no difference of opinion as to the competitive situation which exists between butter, lard, and cottonseed oil. Hog farmers, dairy farmers, and cotton farmers, therefore, have a community of interest which has been all too little appreciated.—A. A. A. pamphlet, G-79, *The Dairyman's Place in Farm Solidarity*.

Unless the farm lands of the country are handled in such way as that productivity is kept at a constantly good level, both the future of agriculture and the future of the nation are threatened. It is shortsighted to follow such practices as will meet the present day needs at the expense of the needs of tomorrow.

**MINING
SOIL IS
UN SOUND.**

In other words, mining the soil is unsound, particularly from the long-time point of view. Farmers, however, cannot be blamed if the economic structure is such that they necessarily overwork their lands in order to meet the needs of a high standard of living with low priced commodities. Again it is very important from a national point of view that agriculture receives that proportion of the national income which will make it possible for the farmers to adequately conserve the natural and national resources in the form of soil and water.—Harry L. Brown, *Assistant Secretary of Agriculture*, at Gainesville, Fla., November 9, 1937.

Efforts of farmers and handlers to even out the flow of fruits and vegetables to market to improve the quality of the products sold, and to balance shipments against effective market demand throughout the season, were started years ago through cooperative marketing associations.

MARKETING AGREEMENT PROGRAMS.

These cooperative marketing enterprises were based on the sound principles of thoroughly studying market conditions and demands, supplying the available markets steadily without either overloading or starving them, seeking larger seasonal returns for growers, giving customers steadier and more reasonable prices throughout the season, and avoiding market upsets and the waste of crops, money, labor, and soil fertility.

The chief difficulty that the cooperative organizations encountered was the fact that even when the majority of the growers and handlers of a given commodity worked together to improve the market for their product, their efforts could be defeated by a noncooperating minority who could wreck the whole plan by staying out of the program.

The Agricultural Marketing Agreement Act of 1937 provides a means whereby the principles followed by the cooperative organizations from the beginning can, with Government assistance, be applied to all the growers and all the handlers of a commodity, when the big majority of the growers and handlers desire to follow a marketing program based on these principles. This mechanism makes it impossible for the noncooperation of a minority to wreck such a program, because all members of the industry are brought into the program, and the entire crop is marketed under it.

The principles of the Marketing Agreement Act do not replace the principles of the early cooperative marketing associations, but constitute a development and extension of them.—A. A. A. pamphlet, GCM 3, *Marketing Agreements For Fruits and Vegetables*.

The percentage that United States cotton exports formed of the world total rose to 61 in the August-October 1937 quarter.—*Foreign Crops and Markets*.

On the one hand, the President, and Secretary Hull and Secretary Wallace urge upon farmers the belief that the reciprocal trade agreements program will promote international economic cooperation and thus the best interests of our farming people producing for export.

CHEMURGIC MOVE- MENT.

On the other hand, the leaders of the chemurgic movement proclaim that farmers should go along with a policy of sky-high tariffs for industry in the hope that industrial uses of farm products—at some future time—will take up the slack caused by loss of foreign markets under such a policy. Farmers are looking at this proposal. Many of them are discovering that the industrial uses for farm products are not in sight now, and that when they come into view they are not likely to pay as much for the farmers' output as the foreign market has paid in the past. Meantime, high-tariff policies would increase the cost of things farmers buy.—*The Farmer Looks at World Economic Problems*, by M. L. Wilson, Under-Secretary of Agriculture.

Europe—outside of Russia—has almost the same total acreage of cropland as the United States, but Europe has only 65,000,000 acres of row crops as compared with the United States' 155,000,000 acres. In other words, the United States with the same number of acres of cropland as Europe, exposes two and a half times as many acres to the more serious forms of erosion.—*Virginia State Department of Agriculture Bulletin*.

Wheat producers in the United States cannot expect to receive parity prices over a period of years, unless they reduce their acreage to domestic requirements or unless the Federal Government subsidizes wheat growing more than it has done heretofore. Domestic requirements can be met on about 55,000,000 seeded acres. That is 25,000,000 acres less than the area seeded for the 1937 crop; it is 12,000,000 acres less than the average for the 1928-32 period. Adjustments drastic enough to place the United States wheat crop on a domestic basis do not seem practicable, and any attempt to make them would probably dislocate the farming system in wheat areas.

The wiser national policy would seem to be a middle course. It would aim to produce enough for domestic requirements and about 50,000,000 bushels for export. That would require on the average about 60,000,000 seeded acres. With seedings held to that level, the Ever-Normal Granary could stabilize the supplies and avoid burdensome carry-overs. Any area in excess of

60,000,000 seeded acres over a period of years would probably cause the accumulation of surpluses and a recurrence of the conditions that faced the wheat farmer in 1932.—*1937 Annual Report of Secretary of Agriculture*.

Farmers by the end of 1937 will have received an average of about 46 cents of the consumer's dollar spent for a list of 58 foods, according to estimates by the Bureau of Agricultural Economics. The farmer's share in 1936 averaged 44 cents, in 1935 it was 42 cents, and in 1933 it was 35 cents. The figure for 1929 was 47 cents. A 77-percent rise in the farm value of the 58 foods is reported during the last 4 years, a 35-percent advance in retail prices of these foods, and a 13-percent rise in the margin going to processors, distributors, and others.

The farm value of the 58 foods consumed annually by a workingman's family was \$92 in 1933. The farm value of the same bill of foods in 1937 is estimated at \$163. In 1933 the retail value of these foods was \$264; now it is \$357. The difference represents the margin going to processors, distributors and the like, \$172 in 1933 compared with \$194 in 1937.—*U. S. D. A. Press Release*.

Less-favorable demand conditions for farm products in 1938 than in 1937 are indicated by the Bureau of Agricultural Economics' annual demand and price outlook report. "Both prices and buying power per unit of farm products are expected to be lower in 1938 than in 1937," the Bureau said, adding that "cash farm income, including cash income from farm marketings and Government payments, may be somewhat less than in 1937" * * *.

The Bureau pointed out that "the general level of farm prices has been downward since last January"; and said that "farm prices are expected to average lower in 1938 than in 1937."—*U. S. D. A. Press Release*.

The supply of feed grains per grain-consuming animal is the largest since 1932 and somewhat above the 1928-32 average. The supply of hay per hay-consuming animal is also above average but slightly smaller than the larger supply of 2 years ago.

This situation is expected to result in heavier feeding of livestock now on farms, and an increase in production of hogs, fat cattle, and dairy and poultry products, the Bureau of Agricultural Economics says in its annual outlook report on feed crops and livestock in 1938.—*U. S. D. A. Press Release, November 3, 1937*.